



OCEAN SHIPPING

March 9, 2006

VIA ELECTRONIC MAILTO:

Richard.Chavez@USDA.gov

Commodity Procurement Policy & Analysis
Division
Farm Service Agency
U. S. Department of Agriculture (USDA)
Room 5755-S
1400 Independence Avenue, S.W.
Washington, D.C. 20250-0512

Attention: Mr. Richard Chavez

Re: Proposed Rule for Procurement of Commodities for Foreign
Donation, RIN 0560-AH39, 70 Fed. Reg. 74,717 (Dec. 16, 2005)

Dear Mr. Chavez:

TECO Ocean Shipping, Inc. (TECO), based in Tampa, Florida, owns and operates twelve U.S.-flag vessels in the domestic and foreign trades of the United States. TECO employs in its fleet over 250 American seamen. TECO's ocean-going dry-bulk fleet is the largest, in terms of number and deadweight tonnage, operating under the U.S.-flag today. When TECO is operating its vessels in the foreign trades, it is primarily transporting cargoes for the P.L. 480 Title II, Food for Progress and the McGovern-Dole International Food for Education and Child Nutrition programs. During the past five years, from 2001 through 2005, TECO has transported over 2.0 million tons of food aid cargoes.

TECO supports the U.S. Department of Agriculture's (USDA) efforts to promulgate new procedures and regulations to implement a one-step bid-evaluation process for the procurement of commodities and ocean freight transportation for the above referenced food aid programs. TECO, however, is concerned that USDA's implementation of the one-step bid process, from the current two-step bid process, along with the new computer bid-evaluation system may be subject programmatic errors and procedural problems that will negatively impact USDA's transition to the one-step bid process and the timely delivery of needed food aid cargoes. It is for this reason that TECO urges USDA to implement the one-step bid process first and, after satisfactory operation, then implement the new computer one-step bid-evaluation system. Alternatively, USDA should perform, with industry wide stakeholder participation, a side-by-side test of the manual two-step bid process and the new one-step computer bid-evaluation process, prior to final implementation.

"Performance You Can Count On"

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TECO, is also concerned that a rush to implement the new computer one-step bid-evaluation process may negatively impact USDA's ability to follow the U.S.-flag cargo preference requirements and priority service criteria that is overseen by the Maritime Administration (MarAd). In that regard, TECO understand that MarAd has submitted comments to USDA on its proposed rulemaking and TECO supports MarAd's concerns that USDA's proposed regulations to do address the application of the cargo preference laws. TECO urges USDA to promulgate regulations that insure that the new one-step computer bid-evaluation process will conform with the statutory cargo preference requirements. Specifically, that 75% of the cargoes under the above referenced programs are carried on U.S.-flag vessels, computed separately by vessel type, on a geographic basis as required by section 901(b) of the Merchant Marine Act of 1936, as amended.

With respect to implementation of the regulations and computer bid-evaluation process, TECO is concerned that the USDA's new process will not continue to permit U.S.-flag ocean carriers to link discharge ranges utilizing multiple Kansas City Commodity Office (KCCO) established trade routes. The ability of ocean carriers to bid linked discharge ranges ultimately results in the lowest ocean transportation costs for USDA. The ability for TECO to continue to link discharge ranges allows the company to offers its most competitive rates. This results in the lowest landed cost for both commodities and ocean transportation for USDA.

Finally, TECO is concerned that port designations in the new one-step computer bid-evaluation process will include ports that cannot efficiently handle both containerized and bulk food aid cargoes. TECO urges USDA to only designate ports in the new computer bid-evaluation process that can efficiently handle and load both containerized and bulk cargoes, so that it may accurately compare the lowest port-to-port transportation cost bids from both liner and break bulk ocean transportation carriers. Ports that do not routinely and efficiently handle and load both containerized and bulk food aid cargoes should be designated as intermodal points, and should not be designated as f.a.s. ports.

TECO looks forward to working with both USDA and KCCO in the transition to the new one-step computerized bid process and appreciate your consideration of our comments on the Proposed Rule.

Very truly yours,



Sal Litrico
President
TECO Ocean Shipping, Inc.